

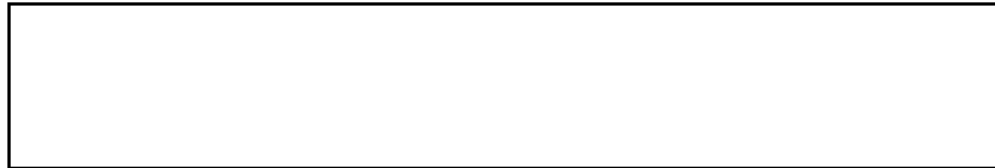
CONFIDENTIAL

6 May 1964

ILLEGIB

MEMORANDUM FOR: Chief, Procurement Division, OI.  
THROUGH: Chief, Logistics Branch, AS/NPIC  
SUBJECT: Justification for Selecting a Contractor Who Was  
Not the Lowest Bidder for NPIC Project, "Multi-Sensor  
Imagery Analysis, Phase II"

1. Five companies were invited to submit technical and fixed-price cost proposals to perform this project. Four proposals were received and evaluated. The proposed estimates were as follows:



25X1

2. The Development Staff evaluated the four proposals from the standpoint of technical approach, and it was agreed that the [redacted] approach is far superior to the other three.

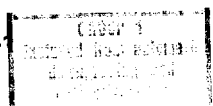
25X1

3. The three companies with the lower-cost proposals have essentially the same general approach to the problem: that is, a subjective evaluation of the [redacted] photographic imagery by two or three interpreters. This procedure, which is sound for some types of imagery studies, is not considered sufficient or valid for the project under consideration. Conclusions which would be the outcome of a subjective evaluation by a small number of interpreters would leave doubt about the reliability and completeness of the analysis, even though the interpreters were well qualified. Since there are major differences in experience and capability within any group of interpreters, it is considered essential that these variables be statistically eliminated, or at least greatly reduced. Only when these differences are accounted for can reliable and objective conclusions be reached.

25X1

4. [redacted] has based their technical approach on statistical validation of interpreter responses during the imagery analysis. This approach, however, requires redundant interpretation and the use

Declass Review by  
NIMA/DOD



SUBJECT: Justification for Selecting a Contractor Who Was Not the Lowest Bidder for NPIC Project, "Multi-Sensor Imagery Analysis, Phase II"

of many more interpreters (during the image analysis) than is required by the other approaches. This accounts for the higher cost of their proposal.

5. The overall objective of this entire project is to evaluate the operational intelligence yield of [ ] systems used in a very real, cold-war situation. The answers and conclusions derived from this study are considered extremely important for they may determine, among other things, whether or not additional over-flights to acquire [ ] imagery are justifiable in terms of yield vs. risk. Consequently, it is vital that we have the most reliable conclusions available. Answers must be objective and must be indubitable in terms of the methods used in deriving these answers. Even though it is more costly in the short run, the recommended study would provide much more valuable information on which to base future operational decisions. Therefore, it is strongly recommended that we buy the approach proposed by [ ]

25X1

25X1  
25X1

Assistant for Plans and Development